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FAA-2002-13918-33

Notice of Proposal Rulemaking 2

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NPRM of Revisions to Passenger Facility Charge

Rule for Compensation to Air Carriers

This document is written for accommodating with Notice of Proposal Rulemaking (NPRM) related Docket number FAA-2002-13918, which is presenting under the name of Passenger Facility Charge. This document is not only critiquing and commenting about the proposed rule, but also having an opposition to entire policies that currently the FAA is carrying out. The details will be presented as follows:

- Initial purpose of the Passenger Facility Charges
- Critical Shortages of the Airport Funds
- The PFCs belong to airports development funds, not with carriers
- Credit card users toward the PFC

The Passenger Facility Charge (PFC) program is enacted by the Aviation Safety and Capacity Expansion Act of 1990 (ASCE Act) and codified at 49 U.S.C. 40117. The dominated appearance of the program is to provide funds for airport projects such as safety, security, noise standard, and airport facility. In other words, its initial intention is to facilitate airport development and national transportation system in progression.

The effort of this program improved and developed critical shortages of airport capacity and airport capital funds domestically. Against the original missions of the program, the proposed rule, which is revisions of the Passenger Facility Charge program, is being at across the based purpose. Currently, according to your data of the PFC Handling Costs, the total average cost is \$0.1146 per \$3 based the PFC. As your data said, carriers have been obtaining this amount of fund under the appearance of "Passenger Facility Charge – Handling Fee." Currently, the FAA allows carriers to retain \$0.08 of each PFC. The

acting like this, itself, is opposing to the initial purpose of the Passenger Facility Charge program, which is funding for airport development. However, the funds is not going into airport developing program completely, in other words, the part of the fund is keeping under carriers' budget as named the PFC handling charge. The FAA is allowing carriers to keep \$0.08 per the PFC; also, it is trying to expand, so called "the PFC Handling charge" up to \$0.11.

There is another argument toward the PFC handling charge. Air carriers collect the Passenger Facility Charge. Also, air carriers gain some interest on the PFC revenue. Plus, as the FAA allowed, air carriers, additionally, get the handling charge. Here are unclear toward the FAA's proposed rule condensed with two questions: Is the Passenger Facility Charge program established for air carriers' fund raising program? The answer is absolutely "no." Then, why the FAA allowed keeping the funds from passengers? There is no cleared obligation the FAA to do so. The FAA's document, which is docket number FAA-2002-13918, is not also explaining itself about it. The Passenger Facility Charge is imposed to each valuable user of air transportation. It should be considered as debt from passengers. That is, the PFC must get back to each passenger with developed facilities and services.

The Passenger Facility Charge program is used to accommodate with the Airport Improvement Program (AIP). In other words, the fund for developing airports is from mixed budgets of the PFC and the AIP. According to my research – the data is from *Airport Planning and Management, Alexander T. Wells* –, between year 1991 and 1998, the AIP funding was reduced by 24 percent that means critical shortages in airport developing budget currently. In preference to allow keeping \$0.11 per the PFC, the FAA

must prohibit to retain the PFC handling charges because there are no obligation to retain the amount of funds and the PFC is only the fund for airport developing, not air carriers additional profits.

In my last opinion against to the revision of the PFC program, the proposed rule may result in adjustment of air ticket prices. That means all the duties will be charged to passengers, not government because the PFC funds are mainly from passengers.

Lastly, something that the reason of the revision is understood is credit card fees toward the PFC collecting. Of course, air carriers should not pay credit card fees because air carriers are not responsible for the credit card fees of passengers that pay their ticket by credit card. Air carriers only collect the PFC, but credit card fee is another issue. This can be compensated by that passengers who are paying by their credit card pays also the credit card fees or the FAA compensates the fee by their budget from the PFC. In other words, if the PFC is \$3, passengers pay \$2.70 and \$0.30 of the credit card fee is paid by the FAA budget from the PFC. This may make reductions of the PFC fund, but it is not clear act to compensate by increasing the amount of the PFC handling charges. Also, interest on the PFC revenue of air carriers can compensate the credit card fees some part of it.

By talking frankly, the PFC funds should spend only on airport developing. Keeping some part of the fund does not meet with the initial purpose of the PFC program. I don't believe increasing the PFC handling fees is an issue of needed, proposed rule. Also, I believe the PFC handling fees are not responsibilities of passengers or airport users. The PFC handling fee is fierce, private profit of air carriers. Legal action should be kept in its initial purpose every time.

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